Decline in Corporate Sector Borrowings from Banks

1693. SHRIMATI VEENA VERMA:
SHRI SUSHIL KUMAR
SAMBHAJIRAO SHINDE:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that while corproate sector borrowings from the banks have been declining, the mutual funds and financing institutions are going away for want of deficit demands during the recent months; and

(b) if so, how far it was attributable to decline in industrial growth?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) and (b) Reserve Bank of India (RBI) have reported that the net non-food credit of all scheduled commercial banks showed a subdued growth of Rs. 14,395 crore (5.9 per cent) during the current financial year (upto January 31, 1997) as compared with an increase of Rs. 31,615 crore (15.9 per cent) in the corresponding period of the previous year. The growth in net non-food bank credit during the current financial year has however to be viewed in the context of very large increase in net bank credit in the two preceeding years. The outstanding non-food credit of all sheduled commercial banks increased by 59.1. per cent (Rs. 90,713 crore) to Rs. 244,224 crore between March 18, 1994 and March 29, 1996.

In viewing the growth of bank credit the growth in total flow of funds to the commercial sector from banks and non-banks also need to be considered. The total flow of funds to commercial sector both from banks and non-banks sources amounted to Rs. 67,956 crore upto January 31, 1997 as compared with Rs. 73,929 crore in the corresponding period of 1995-96.

Legal and administrative safeguards to protect investors

1694. SHRI SURINDER KUMAR
SINGLA:
DR. SHRIKANT RAM
CHANDRA JICHKAR:

Will the Minister of FINANCE be pleased to state:

(a) whether small and individual investors are protected by sufficient legal and administrative safeguards against exploitations;

(b) if so, what are the safeguards and how do they compare with the earlier positions in this regard; and

(c) what more will be done by SEBI to protect such small investors?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) to (c) The Securities and Exchange Board of India (SEBI) was established in 1992 to promote the development of and to regulate the securities market. SEBI has notified a number of regulations to regulate the functioning of various capital market intermediaries such as stock brokers, share transfer agents, underwriters, portfolio managers, depositories, custodians, foreign institutional investors, mutual funds etc. Further, SEBI has issued on 11th June, 1992 Guidelines for Disclosure and Investor Protection which are to be observed by companies making issue of capital. These guidelines have been amended from time to time by SEBI in order to ensure greater transparency in offer documents and for protecting the investors' interest in primary market. Besides, SEBI also addresses the issue of redressal of investor complaints against companies and market intermediaries on a regular basis. The stock-exchanges have been advised by SEBI to set up surveillance Departments to check price manipulation so as to ensure protection of small investors. All these measures are reviewed on a continuous basis.